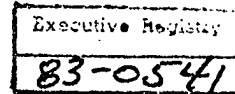




EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JAN 25 1983



Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Bill:

This letter follows up on my earlier letter of November 18, 1982, in which I wrote you that CIA's position on the Reconciliation Act COLA cap (section 301) would be considered as part of the ongoing budget process.

The Administration's position on section 301 now has been evaluated in terms of its impact on selected groups. Because of the significant savings involved, and the problems presented by opening the provision to exemptions, it has been decided that section 301 would be continued unchanged.

This decision is, of course, embargoed until the Budget is released. Until that time, accordingly, it is for your information only and should not be used publicly.

I appreciate your position on this matter, but I believe you will understand why exceptions to section 301 cannot be entertained.

Sincerely,

David A. Stockman
Director

